

Historic, Archive Document

Do not assume content reflects current scientific knowledge, policies, or practices.

AGRICULTURAL COOPERATION

LEGAL, ECONOMIC, AND ORGANIZATION INFORMATION COLLECTED BY THE DIVISION OF COOPERATIVE MARKETING,
BUREAU OF AGRICULTURAL ECONOMICS, UNITED STATES DEPARTMENT OF AGRICULTURE, WASHINGTON, D. C.

October 29, 1927.

Vol. V, No. 22.

COOPERATIVE PURCHASING LESS THAN COOPERATIVE SELLING

Cooperative purchasing has not been engaged in so extensively by the farmers of the United States as cooperative marketing. This is apparent from a casual examination of the data collected in the agricultural censuses of 1919 and 1924. In the former year cooperative purchases represented a little more than ten per cent of the total cooperative business, and in 1924 it was a little less than nine per cent. In some sections of the country the cooperative purchasing of farm supplies and farm-home requisites was more important than for the United States as a whole. Among the states in which collective buying is an important part of the cooperative activity are: the New England States, Delaware, New Jersey, West Virginia, Pennsylvania, Wyoming, Michigan, Washington, Alabama, Oregon, Missouri, and Maryland.

The gain in quantity of supplies bought in 1924 as compared with 1919 was ten per cent for the country as a whole. This percentage is the gain made for the five-year period after the purchases for the two years have been reduced to the same price level. In some of the states several times as large a quantity of supplies were bought cooperatively by farmers in 1924 as in 1919, while in thirteen states fewer supplies were bought in 1924 than in 1919. Among the states in which cooperative purchasing made large gains during the five years were: Alabama, Connecticut, Florida, Georgia, Delaware, Mississippi, Rhode Island, New Hampshire, Tennessee, Maryland, Vermont, Massachusetts, and Arkansas. The states in which fewer supplies were bought cooperatively in 1924 than in 1919 are: Utah, New Mexico, Oklahoma, Minnesota, Colorado, New Jersey, Maine, South Dakota, Nebraska, North Dakota, Kansas, Idaho, and Montana.

The amounts expended for cooperative purchases in 1924 ranged from less than \$100,000 by Arizona farmers to more than \$6,000,000 by Iowa farmers.

In the case of a number of the states, several million dollars could be added to the reported figures for supplies used in cooperative fruit-packing houses, cooperative creameries, etc., as these would not be reported by farmers from whom the census data were obtained.

The commodities most frequently purchased cooperatively by farmers are: feeds, seeds, fertilizers, coal, binder twine, fruit packages, farm implements, building material, and groceries.

SKOOKUM PACKERS PUBLISH BOOKLET FOR CHILDREN

Among the advertising matter issued by the Skookum Packers' Association, Wenatchee, Wash., is a booklet for children entitled, "The Skookum Injuns." A little poem explains that "Skookum" means "bully" or "the best thing in its line," and the two little "Injuns" tell their story of the Skookum apples. The clever drawings are designed to be colored by children either with crayons or water colors. Instructions are given for coloring each variety of apple in its natural colors. There is also a brief description of each variety, as to taste, appearance, and special use.

-----0-----

REPORTS FOR OREGON PRUNE GROWERS

The North Pacific Cooperative Prune Exchange, Portland, Ore., marketed 13,332,097 pounds of prunes for its nine member units during the 1926-27 season. Total sales amounted to \$612,486. Deductions were \$67,306, and member units were paid \$545,180.

The 1926-27 tonnage is more than four times that of 1925-26, when 2,889,863 tons of prunes were sold for \$233,657.

The Exchange was organized in 1924 for the purpose of furnishing inspection, advertising, and marketing service for the nine local cooperative units engaged in assembling and packing products of their members. These units serve from five to several hundred members each.

-----0-----

THIRD YEAR FOR NEBRASKA POTATO ASSOCIATION

Returns from shipments made by the Nebraska Certified Potato Growers' Cooperative, Alliance, Nebr., aggregated \$192,269 for the twelve months ending March 15, 1927. Growers were paid \$189,027, or 98 per cent of the returns. Fees for certification for the year amounted to \$5,877, and expenses of operation were \$12,475.

This association was organized in April of 1924 for the purpose of encouraging the production of seed potatoes, and to provide an economical and orderly method of marketing. Its sales for the 1924-25 season amounted to \$49,322, and for the 1925-26 season, to \$193,413. It serves more than 100 potato growers.

SOUTH DAKOTA WHEAT POOL REPORTS HEAVY DELIVERIES

On October 1, the South Dakota Wheat Growers' Association, Aberdeen, had received approximately 1,400,000 bushels, and daily deliveries were averaging about 40,000 bushels. September 10 was the record day for advances, nearly \$54,000 being paid that day. The money is cleared through a national bank which acts as custodian for the Federal Intermediate Credit Bank of Omaha. The management reports that many new contracts are coming in voluntarily, also many inquiries regarding the pool.

-----0-----

CO-OP REFUSES OFFER OF POOL ELEVATORS TO PAY IN FULL

In July of the present year, the Saskatchewan Pool Elevators, Ltd., made a proposition to pay to the Saskatchewan Cooperative Elevator Co., Ltd., in a single cash payment, the entire amount outstanding for the purchase of the elevator system, provided that a discount of approximately 10 per cent was allowed. A post card ballot was taken of the shareholders of the Cooperative Elevator Company, resulting in a vote of about three to one against accepting the offer, which was therefore declined and the payments will be continued in accordance with the original contract. The amount involved is \$6,039,310, for which the Pool Elevators proposed to pay \$5,443,379.

-----0-----

FINAL PAYMENT TO CANADIAN WHEAT GROWERS

A final payment of more than \$19,000,000 was announced recently by the management of the Canadian Cooperative Wheat Producers, Ltd., Winnipeg, Man., on the 1926 wheat crop. This association is the central sales agency for the wheat pools of Alberta, Manitoba and Saskatchewan. The final payment made the price for No. 1 Northern, basis Fort William, \$1.42, with differentials for other grades. This is the net figure, Fort William, after deducting all the expenses of the selling agency, including storage, interest, and administrative expense, which latter was less than one-fifth of one cent a bushel.

The credits to the provincial pools were as follows: Saskatchewan, \$12,929,207; Alberta, \$4,193,587; and Manitoba, \$2,085,575.

Carrying charges and operating expenses of the provincial pools will be deducted from the Fort William price in making settlements with growers, also commercial and elevator reserves for capital, which are credited to the growers and on which the pools pay interest.

The total amount distributed by the Canadian pools since the Alberta association began operating in 1923, is more than \$674,000,000.

COOPERATIVE GRAIN ELEVATORS IN THE MID-WEST

Farmers' cooperative grain elevators in the Middle West are prospering, according to data compiled recently by the American Cooperative Auditing Association, Chicago, Ill. Audits of one hundred elevators were drawn from the files of the association and a tabulation made of the essential facts. As no effort was made to select the elevators, it is believed that the 100 audits are a representative sample for all the elevators in the area covered by the association. The 100 audits used for the study were for elevators located as follows: Illinois, 37; Ohio, 37; Missouri, 20, Indiana, 4; Minnesota, 1; and Iowa, 1. The amount of business transacted for the last fiscal year varied from \$36,715 for the smallest enterprise to \$1,136,371 for the largest.

Sales for the 100 elevators averaged \$211,472 for a twelve months period; cost of operation averaged \$8,246; and surplus at the close of the business year averaged \$4,605. Cost of operation averaged 3.8 cents for each dollar of sales.

The net average investment per elevator, after allowance for depreciation, was \$19,660; the average amount of capital stock outstanding was \$22,701 per elevator; and the average amount of operating capital used by each elevator was \$47,167.

For the last business year the entire group made a net gain of \$218,256. Eighty-five elevators made gains, the remaining 15 sustained losses. The largest gain by any one elevator was \$36,229.

In commenting upon the increase in surplus for the entire group, the auditors say in part: "The general practice (of maintaining a surplus) has been a conservative one during this time (last fiscal year). Lessons have been learned that it is a good thing to have a surplus, and the lesson is gradually being learned that there must be a wider margin of profit taken than was necessary when the elevators began business 25 years ago."

The auditors comment upon some of the policies of elevator management as follows "There has been less tendency to speculate than there was a few years ago." It was discovered that some managers had resorted to speculation to "help out" the business, and that this speculation had helped them out of business. The auditors say, "While the experience was costly, it was a sort of good school and the elevators have profited by it."

COOPERATIVE CREAMERY IN CATSKILL MOUNTAINS

A small creamery in the Catskill Mountains, serving 88 patrons, has been operating since 1909. It is conducted by the Andes Cooperative Dairy Company, Andes, N. Y., and has 53 shareholders who hold capital stock to the amount of \$7,750, on which 6 per cent interest is paid.

The management reports that gross business to the amount of \$200,876 was transacted during 1926. Both butter and milk powder are made in the creamery, the latter activity now being the more important of the two. Net earnings are divided annually among the patrons. At the close of the last business year the sum of \$6,527 was available for a patronage refund.

-----0-----

ANOTHER COOPERATIVE CHEESE WAREHOUSE IN WISCONSIN

Branch Warehouse No. 15 of the Wisconsin Cheese Producers' Federation, Plymouth, was opened for business on September 1 at Shawano. Two days later a large crowd gathered at the warehouse for a housewarming. An appropriate program was carried out and more than a thousand dollars in stock was subscribed for.

The Federation is telling the story of the cooperative marketing of cheese this season by exhibits at the State Fair and at several of the county fairs. Much literature has been distributed from the Federation's booths.

-----0-----

WISCONSIN HONORS MEMORY OF PROMINENT COOPERATOR

Two memorial tablets have recently been erected to the memory of Henry Krumrey, founder of the Wisconsin Cheese Producers' Federation, and for many years prominently identified with the dairy industry in Wisconsin. The tablets are of bronze, bearing a bust in relief of Mr. Krumrey and a brief inscription. Each is mounted on a large boulder. One memorial is located on the grounds of the College of Agriculture at Madison, and the other on the grounds of the Wisconsin Cheese Producers' Federation at Plymouth. At the latter point a triangular piece of ground is to be made into a miniature park and beautified with trees, shrubs and walks. Memorial exercises were held at Madison on October 13 and at Plymouth on October 15, with addresses by prominent speakers.

PURE MILK ASSOCIATION PLANS FINAL DRIVE

Plans for a new drive to complete organization in the Chicago dairy district, were made in September by the Pure Milk Association, Chicago. Plans provide for about forty meetings, so arranged that every dairyman in the district will have an opportunity to attend and hear the story of successful cooperative fluid-milk associations told by well known leaders of several such organizations.

The Pure Milk Association is working to improve the bargaining power of producers of fluid milk for the Chicago market, to improve the quality of milk, and to safeguard the interests of its members. The membership includes a number of owners of tested herds throughout the district, who furnish more than one million pounds of milk daily for the Chicago market.

Organization work has been under way some eighteen months with good results and it is believed that the time is now ripe to make a vigorous effort to complete the work.

-----0-----

KANSAS FARMERS HAVE GROWING CREAMERY

When the Farmers' Union Cooperative Creamery, Kansas City, Mo., began business on September 21, 1925, cream was received from 24 stations. In August, 1927, 87 stations were shipping cream delivered by more than 3,000 farmers. The volume of cream received the first year increased steadily from 141,023 pounds in October, the first full month of operation, to 2,378,632 pounds in September, 1926. Net earnings for the same year were reported as \$48,000, from which a reserve was set up and the balance was returned to members at the rate of 2 cents per pound of butterfat.

During June of the present year the creamery churned 385,458 pounds of butter, an increase of 77,520 over June, 1925. The heaviest churning in the history of the association was 25,284 pounds on June 19, approximately 400 tubs, or one and one-half car loads.

In January of the present year the organization began also to handle eggs for the members, and eggs are now being received at about 35 stations. It is proposed eventually to handle both eggs and poultry through all the cream stations.

An important step taken recently is the establishment of a sales agency in the East, through which all sales of butter and eggs are handled, instead of through commission merchants as heretofore.

Although the association has grown rapidly the plant is equipped to take care of even a larger volume of business and organization work is being pushed into other territories. Meetings are held by representatives of the creamery, with motion pictures as one of the features of the program.

MORE THAN THIRTY YEARS OF COOPERATIVE ACTIVITY

For more than thirty years the Fredericksburg Butter Factory Association at Fredericksburg, Iowa, has been receiving milk and cream from the farmers of the surrounding territory, manufacturing butter, and returning to the farmers all of the proceeds, less only the expenses of operation. The association was organized in 1894 and was incorporated in 1897. A report, as of December 1, 1908, on file with the U. S. Department of Agriculture, shows that butter to the amount of 362,651 pounds was made during the preceding twelve months and that butter sales were \$93,250. Patrons were paid \$87,938, or 94 per cent of butter sales. The cost of manufacture is given as 1.45 cents per pound. In 1911 the association manufactured 367,339 pounds of butter which sold for \$94,895, and patrons were paid \$87,529, or 92 per cent of the sales.

The average prices paid patrons for butterfat during the immediate pre-war period were as follows: 1908, 29.22 cents; 1909, 32.21 cents; 1910, 34.83 cents; 1911, 31.22 cents; 1912, 33.07 cents; 1913, 37.03 cents; 1914, 33.35 cents.

The average price paid patrons for butterfat was dependent upon the need for new machinery, or repairs to old equipment, as well as the selling price of butter and the cost of manufacture. As new machinery was needed, or repairs had to be made to old equipment, the cost was met by deductions during the current year. Presumably the patrons benefited in succeeding years because of the improved facilities for manufacturing.

Figures showing the activity of the enterprise for the seven years, 1908 to 1914, when about 100 members were being served, are as follows:

Year	Butter made (Pounds)	Butter sales	Paid patrons	
			Amount	Per cent of sales
1908	362,651	\$ 93,250	\$ 87,938	94.3
1909	358,658	101,527	95,509	94.1
1910	362,775	109,506	103,440	94.5
1911	367,339	94,895	87,529	92.2
1912	347,255	103,940	95,734	92.1
1913	326,835	101,715	94,581	93.0
1914	330,934	95,960	89,679	93.5

Since the World War the association has been operating on a larger scale than formerly. During the year ending December 1, 1926, 597,087 pounds of butter was manufactured and, in addition, 15,776 pounds of butterfat was shipped in the form of cream. Sales for 1926 amounted to \$236,642, of which amount 92.7 per cent was returned to the patrons, who now number nearly 300.

FARMERS' UNION CORPORATION MAKES LOANS ON CATTLE

Since it issued its first loan on November 10, 1924, the Farmers' Union Credit Corporation, South St. Joseph, Mo., has made 184 loans aggregating \$428,872. These loans were made on 226 loads of cattle, numbering 7,682 head. These figures are for the close of business on October 13, 1927. Loans are made only on cattle bought through the Farmers' Union Livestock Commission and under an agreement to the effect that after fattening the cattle will be consigned to the commission for sale.

-----0-----

BACON FACTORIES FEDERATE IN NEW SOUTH WALES

All the cooperative bacon factories of New South Wales, thirteen in number, have now joined the newly formed Federated Cooperative Bacon Factories, Limited. The first meeting of the federation was held at Sydney the first week in August with representatives of the various factories in attendance. A marketing committee was selected and various matters were settled. The question of what constitutes a prime bacon pig was thoroughly discussed, as the federation plans to work toward a standardized type of pig suitable for bacon requirements.

-----0-----

MISSOURI COUNTY SHIPS LIVESTOCK COOPERATIVELY

During the last five years more than \$5,000 has been refunded to the patrons of the Mississippi County Shipping Association, Charleston, Mo. This association was formed in 1920 and has been shipping livestock for 300 to 400 farmers. Between 50 and 200 cars of livestock are sent to market annually. Receipts from shipments have varied from less than \$100,000 a year to more than \$200,000.

The history of the association for the last five years is told largely by the following figures:

Year (Dec. 1)	Animals shipped			Members shipping	Receipts from sales
	Hogs	Cattle	Sheep		
1922	8,475	819	297	297	- - - -
1923	13,298	1,226	580	408	\$224,193
1924	11,509	1,292	142	400	151,825
1925	3,977	565	90	300	69,390
1926	5,403	673	---	350	159,863

COTTON ASSOCIATION ADVERTISES

Newspaper advertising space is being used by the North Carolina Cotton Growers' Cooperative Association, Raleigh, N. C., to bring to the attention of the cotton producers and the general public the facilities developed by the association for the cooperative marketing of cotton. A portion of a recent advertisement was devoted to a recital of the achievements of the association during the past five years. Mention was also made of the more important features in the new marketing contract with its optional pools and withdrawal clause.

-----0-----

SOUTH CAROLINA ADDS NEW FEATURE TO OPTIONAL POOL

A member of the South Carolina Cotton Growers' Cooperative Association, Columbia, who has cotton in the optional pool and does not wish to sell during the year, may have his cotton carried over into the next marketing year, by reason of recent action of the board of directors. At the end of the season, if a member is not ready to fix a price on his cotton in the optional pool, he may transfer it into the new season, provided that his margin is adequate for the protection of the association, or that he will furnish such margin. For the first season the association's overhead and carrying charges will obtain, thereafter the association will make no charge for overhead but only for carrying the cotton. This plan will provide the growers with an efficient and inexpensive method of holding cotton from one season to another.

-----0-----

REDUCTION OF EXPENSES PLANNED BY COTTON ASSOCIATION

Reduction of expenses to the minimum, is a part of the program of the North Carolina Cotton Growers' Cooperative Association, Raleigh, for the coming season. To bring about the desired results, salaries have been reduced, the force of employees has been diminished, and office rents have been reduced, as well as office supplies. Two big items of expense have been completely eliminated. The first was the organization expense which amounted to \$77,832, and was distributed over a period of five years. About \$16,000 has been deducted annually for this fund which has now been charged off entirely. The second item was \$49,879 for office furniture and fixtures, for which \$10,000 each year was deducted. With these two items out of the way the management is confident that it will be possible to make reductions in operating costs.

SIXTH REPORT FOR TEXAS COTTON ASSOCIATION

The sixth annual report for the Texas Farm Bureau Cotton Association, Dallas, Tex., issued under date of September 29, consists of a balance sheet as of June 30, 1927, and a detailed report of the operating expenses for the period from September 1, 1926, to June 30, 1927, also lists of officers, directors, and members of the executive committee.

The association received 198,831 bales of cotton. Net sales, after making an allowance for sales freight, yardage, storage, insurance, commissions, etc., were \$12,295,366 for 188,826 bales.

Significant figures for the past six years are as follows:

Season	Bales received	Sales*	Operating expenses**		Reserves at close of year
			Total	Per bale	
1921-22	93,802	\$ 9,002,335	\$296,261	\$ 3.16	\$ 89,774
1922-23	77,706	11,176,635	278,946	3.59	210,897
1923-24	182,321	28,866,361	410,400	2.25	392,282
1924-25	284,322	# 35,978,407	566,233	1.99	876,507
1925-26	244,320	# 22,703,675	495,265	2.03	1,056,515
1926-27	198,831	# 12,295,336	528,034	2.66	1,172,016

* Less allowances, rejections and freight on outbound shipments.

** Less miscellaneous income. # Balance sheet.

The balance sheet shows investments in subsidiary corporations as follows: Texas Cotton Growers' Finance Corporation, \$223,903; Texas Cotton Growers' Sales Corporation, \$183,187; Texas Cotton Growers' Gin Holding Company, \$52,021; Texas Farm Bureau Service Corporation, \$100; total, \$459,211.

Among the more important factors entering into the cost of marketing during the past six years are the following:

Season	Operating costs per bale				
	Executive (Cents)	Directors (Cents)	Finance (Cents)	Sales (Cents)	Field (Cents)
1921-22	13.193	17.930	65.635	13.981	11.435
1922-23	24.595	21.570	11.913	23.214	32.614
1923-24	10.651	10.077	7.366	17.823	37.160
1924-25	8.287	7.268	3.903	8.740	43.180
1925-26	3.541	4.860	3.586	10.935	25.673
1926-27	4.832	5.249	4.427	14.762	77.644

EASTERN STATES FARMERS' EXCHANGE ENLARGING SEED PROGRAM

During the first eight months of 1927, the Eastern States Farmers' Exchange, Springfield, Mass., distributed 24 per cent more seed than for the full twelve months of 1926, according to a recent statement by the management. The greatest demand has been for legume seeds. As it is becoming more apparent each year that the source of origin of most kinds of legume seeds has much to do with the success of the crop, the Exchange is working to establish itself as a dependable source of seed of quality and proper origin.

-----0-----

LESPEDeza GROWERS ESTABLISH GOOD REPUTATION

The Lespedeza Seed Growers' Cooperative Association, Baton Rouge, La., is a small organization and controls a small percentage of the lespedeza seed on the market, yet it has marketed approximately 75,000 bushels of seed for its members since its organization in 1921, at prices satisfactory to its members. For two years there was practically no demand at any price and a large quantity of the seed was carried over in cold storage by the association and sold early the next year at a good price. Tests showed that the seed carried over in cold storage would germinate just as well as new crop seed. Many nonmembers lost their seed entirely these two years.

During the years of operation the association is said to have built up an enviable reputation with the trade over the entire United States. All seed is tested for purity and germination before being offered for sale, and carries a guarantee. For the past four years the seed has been sold mostly to old customers.

-----0-----

ASSOCIATION MARKETING ALFALFA SEED

Sales by the Grimm Alfalfa Seed Growers' Association of Alberta, Brooks, Alta., have increased from 70,000 pounds of seed of the 1923 crop to 326,000 pounds of the 1926 crop. Membership increased during the four-year period from 88 to 195. The association has built and equipped with special machinery its own cleaning plant. Two superior grades of seed are marketed and the sacks containing these grades are sealed and stamped by officials of the Dominion Department of Agriculture. Unusual care is taken by the members of the association in the production program. Only the best seed is planted on clean ground and it is stated that 48 per cent of the alfalfa seed produced in 1923 and 65 per cent of that produced in 1926 met the grade requirements established by the association.

Membership in the association is based on a fee of \$100, on which interest is paid at the rate of 8 per cent annually.

TWELFTH INTERNATIONAL COOPERATIVE CONGRESS

The Twelfth Congress of the International Cooperative Alliance, held in Stockholm, Sweden, August 15 to 18, was attended by 424 delegates from 28 countries, also 11 representatives of European governments, and 3 fraternal delegates from other international organizations. Addresses, reports, discussions, and business matters, filled the four days. A report on "The Relations between Agricultural and Consumers' Cooperative Societies" was thoroughly discussed and resolutions were adopted approving the further development of exchange and trading relations between the two groups.

The next International Cooperative Congress will be held in Vienna in 1930.

-----0-----

SPAIN HAS SOME UNUSUAL COOPERATIVES

A study of the cooperative movement in Spain, made by a French economist and translated into English, shows that Spain's most original contribution to the cooperative movement is found in the colonization societies and the organizations formed by fishermen. A law enacted in 1907 provides for allotting communal land to poor peasants of worthy character. The colonists are required to form cooperative societies to purchase the necessary farm and household supplies, to market the products of the colony, and to provide for credit, savings, mutual aid, and cultural development. There are now some 20 of these colonies with about 1,200 colonists, holding about 26,000 acres of land. The State's part in the work takes the form of construction of roads and sewers, and various community services.

The fishermen's cooperative associations have made remarkable progress. They are found all along the sea coast and number from 140 to 150 with about 35,000 members. Eighty of the associations own their own boats. The membership includes all the workers on land or sea, not only the fishermen, but also the lightermen, boat builders, calkers, painters, etc. The primary object is to sell the fish direct to the consumers. All earnings of the associations are used for social purposes, first of all to provide schools for their children. More than 100 schools have been built, at which 8,650 children are receiving a general education and also instruction in the principles and practice of cooperation. The children form their own societies through which they purchase books and other school supplies, plan and carry out excursions, and other activities.

Sixty-six of the fishermen's societies have established insurance against sickness and old age; 26 make loans to their members; 6 have undertaken to build homes for their workers; and 36 have established cooperative stores.

WISCONSIN TO OFFER INSTRUCTION TO TOBACCO GROWERS

Plans are being matured in Wisconsin by the Superintendent of Farmers' Institutes, for a series of institutes on the Cooperative Marketing of Tobacco. It is proposed to hold about four regular three-day institutes in the tobacco districts, at points where there is the most demand and the best facilities are available. The meetings will be held during the winter season when farm work is not pressing and growers are able to attend. The speakers will include representatives of the College of Agriculture, of the Tobacco Experiment Station, prominent growers, and others.

In addition to these institutes, it is expected that a series of smaller group meetings of one-day each will be held later on, devoted almost entirely to problems of growing and handling tobacco.

----0----

TEACHING OF COOPERATION IN CONTINENTAL EUROPE

"The Teaching of Cooperation in Germany and Other Countries," is summarized in a recent number of The Cooperative Review, Manchester, England. The writer states that cooperative teaching began in the high schools founded by private initiative and supported by commerce and industry, in the following cities: Petersburg, 1910; Moscow, 1912; Berlin, 1913; and Milan, 1918. In Germany it is still the commercial high schools which deal with the subject most thoroughly. Soon after the outbreak of the World War, regular and systematic instruction in cooperation was begun in a high school in Berlin and at the University of Halle, where a seminar was also organized. At the High School of Commerce at Berlin, lectures on various phases of cooperation were given during 1925-26 by six different teachers or leaders in the movement. Two lectures were also given at the University of Berlin, and at the Agricultural College, one professor gave eight hours every week to cooperation.

At the University of Cologne, four professors lectured upon the subject from various angles, and lectures were also given in a number of other universities and high schools. During the summer term lectures were given at six German universities.

In Russia, lectures on cooperation were being given in the universities and the agricultural and commercial colleges before the war. At the present time a number of special cooperative training schools are being maintained by the government and the cooperative federations.

A chair of cooperation was founded in the University of Paris in 1921, and three lectures a week are given by a distinguished economist. Two other courses are given in Paris colleges, and six universities of France find a place for lectures on cooperation in their curriculums.

Italy has a special cooperative school at Rome. Cooperation is also taught in a commercial high school in Milan.

NONPRODUCER SHARE HOLDERS AND TAX EXEMPTION

In order for a stock cooperative association to qualify for exemption under the Revenue Act of 1926, "substantially all such stock other than nonvoting preferred stock, the owners of which are not entitled or permitted to participate directly or indirectly in the profits of the association, upon dissolution or otherwise, beyond the fixed dividends, is (must be) owned by producers who market their products or purchase their supplies and equipment through the association." The Bureau of Internal Revenue has held that where 12 per cent of the common stock of an association was held by nonproducers, and over 9 per cent was voluntarily sold or issued to persons who were not farmers or producers, the association is not entitled to exemption. Of course this would not mean that the association would have to pay income taxes; that would depend upon whether it had any taxable income.

L. S. Hulbert.

---0---

LOUISIANA SUPREME COURT SUSTAINS FORMER OPINION

In the case recently decided by the Supreme Court of Louisiana, the Louisiana Farm Bureau Cotton Growers' Cooperative Association v. Bacon et al, 113 So. 790, that court followed the earlier cases of the Louisiana Farm Bureau Cotton Growers' Cooperative Association v. Alex. Clark, 160 La. 294, 107 So. 115, and that of Louisiana Farm Bureau Cotton Growers' Cooperative Association v. Bannister, 161 La. 957, 109 So. 776, and held that the marketing contract of the association cannot be enforced against cotton raised on the share plan where tenants of the member, or other persons, not members of the association, have an undivided interest in each bale of cotton grown.

Referring to the Bannister case, the court said: "... our conclusion was that the legislature of this state is powerless to make the tenants of a member of the association parties to the marketing contract by mere compulsion, or to subject them or their property to the remedies provided in said act for nondelivery or breach of that contract; that questions of staple, value, weight per bale, and other elements were to be considered in determining whether the cotton could be equitably divided in kind; and that the property of the tenants and their right to hold and sell their cotton at such time as they desired and to such person as they chose could not be affected either by the plaintiff's marketing agreement or by any of the provisions of Act 57 of 1922."

From the foregoing it is apparent that the court was of the opinion that although the cotton was grown on shares, it could not compel a division of the cotton in kind, but that the landlord and the tenant could agree to sell the cotton and divide the proceeds.

L. S. Hulbert.

RESTRICTION ON TRANSFER OF STOCK UPHOLD IN KENTUCKY

On June 24, 1927, the Court of Appeals of Kentucky decided the case of Carpenter v. Dummit, 297 S. W. 695, which arose under the Declaratory Judgment Act of that state on a petition asking for a declaration of the rights of the parties under certain assignments. Carpenter was a member of the Burley Tobacco Growers' Cooperative Association and delivered tobacco to the association in 1923 and in 1925. He received advance payments on the delivery of these crops and was given participation certificates by the association showing the amount of tobacco delivered and the grades to which it belonged. On April 11, 1927, Carpenter executed an assignment of his interest in the 1923 crop to Dummit, who is not a member of the association. On April 12, 1927, Carpenter executed another assignment to Dummit covering his interest in the 1925 crop. The assignments executed by him purported to cover all of the common stock in a warehousing corporation formed by the association to which Carpenter was or might become entitled. The articles of incorporation and the by-laws of the warehousing corporation formed by the association provided that the common stock thereof might be issued only to members of the association. The principal question for decision was whether the attempted assignment by Carpenter of the common stock to which he was or might be entitled in the warehousing corporation was valid, inasmuch as Dummit was not a member of the association.

The court pointed out that the cooperative act under which the association was formed provided that common stock of the association could only be issued to persons engaged in the production of the agricultural products to be handled by or through the association. The warehousing corporation was formed under the general corporation laws of the State of Kentucky and not under the cooperative act of that state. Apparently the general corporation laws of Kentucky do not authorize restrictions on the transfer of stock of corporations formed under them. The court held that the restriction in the articles of incorporation and by-laws of the warehousing corporation, restricting the transfer of its common stock to members of the cooperative association, was valid. In reaching this conclusion the court laid stress on the fact that the cooperative act restricted the transfer of the common stock of associations formed under it and this the court found: "... declared the public policy of the state as favoring such restrictions in the charters of cooperative marketing associations organized under that act or of corporations organized to carry out the purposes of such an association."

The court further said:

The purpose in limiting the stockholders or members of the association to growers of agricultural products to be handled by it, and in restricting the sale or issuance of the common stock of the

warehousing corporation, to which the voting power was confined, to members of the association, is patent. The success of a cooperative marketing association such as the one here involved must depend upon the loyalty of its members and their interest in its success. To permit the sale of its stock to persons not interested in cooperative marketing, and possibly unfriendly thereto, would render it possible to defeat the very purpose which it was organized to accomplish. The control by unfriendly persons of an allied corporation performing necessary functions in carrying out the cooperative marketing plan might prove equally fatal. The provisions in the Standard Marketing Agreement and in the articles of incorporation restricting the sale and issuance of stock therein to members of the association were inserted for the purpose of avoiding such a contingency.

Although the court held that the attempted assignment of the common stock to which Carpenter was entitled in the warehousing corporation was invalid, the court held that Dummit had a lien thereon. In this connection the court said:

In this case Carpenter attempted to sell his stock in the warehousing corporation to Dummit, and Dummit has paid him the purchase price. The certificates for the stock have never been issued, but are issuable at the direction of the appellant Burley Tobacco Growers' Cooperative Association. We conclude that, while the legal title to the stock did not pass to Dummit by the assignments, Dummit has a lien thereon for the amount paid by him for such stock, and the association, having notice of the lien, will not deliver the certificates to Carpenter until the lien has been satisfied.

Just how this lien would be satisfied out of the stock is not stated in the opinion other than in the statement that the association would not deliver the certificates evidencing the stock to Carpenter until the lien had been satisfied.

This case is significant in that the court upheld a restriction on the transfer of stock for which there was no statutory authority against a third person who apparently had no notice of the restriction at the time of the assignments. In most of the cases involving restrictions on the transfer of stock there was statutory authority for the restriction or else the would-be purchaser had notice of the restriction prior to or at the time of the transfer.

CANADIAN WOOL GROWERS ISSUING NEW PAPER

The Canadian Cooperative Wool Growers, Ltd., Toronto, Ont., has begun the publication of a quarterly paper for its members. The issue at hand contains timely information regarding the grading of wool, explanation of trade terms, and notes on the industry in general.

-----0-----

NEW BOOK TELLS OF COOPERATION IN SWEDEN

A recent addition to the International Cooperative Series of books on Cooperation in Many Lands, published by the Cooperative Union, Ltd., Manchester, England, is "Cooperation in Sweden." The Swedish author tells "the romantic story of the rise of Swedish cooperation and its gallant and successful fight against tremendous odds." The volume has been translated for the benefit of English readers.

-----0-----

A PROGRAM FOR TENNESSEE COTTON GROWERS

Officers of the Tennessee Cotton Growers' Association, Memphis, have issued a booklet with the above title. Features of the program outlined are as follows: first, economical production; second, efficient marketing, including accurate classing, economical handling, adequate market information, efficient selling, thorough accounting, adaptable service; third, surplus control. Each of these features is elaborated in the text, with suitable illustrations.

-----0-----

COOPERATIVE MARKETING OF POULTRY PRODUCTS

A report on the "Cooperative Marketing of Poultry Products, 1920-1926," issued by the Division of Cooperative Marketing, United States Department of Agriculture, supplements a preliminary report issued in June 1925, and supersedes another report dated December, 1926.

The study is based on information received from 83 organizations, of varying types and sizes, which handled poultry or poultry products for longer or shorter periods during the years 1920 to 1926. Most of the associations are still active. Several tables are introduced in presenting the information. Copies of the report are available for distribution upon request.

REPORTED BY THE ASSOCIATIONS

Meetings are being held at various points in Colorado for the purpose of determining the demand for an association for the cooperative marketing of eggs and poultry.

"The Farmers Marketing Journal," Dallas, Tex., is a monthly publication representing the Farmers' Marketing Association of America, an organization formed early in 1927.

The Equity Union Grain Company, Kansas City, Mo., issued a statement on September 30, showing a surplus of \$27,500 in addition to net earnings, accumulated since May 1. The net worth of the company on September 30, was given as \$130,000.

The cotton gin department of the Farmers' Educational and Cooperative Union of America, Oklahoma Division, reports having assisted in supplying equipment for cooperative gins at 29 points in the state. The savings made because of collective buying ranged from less than \$20 to nearly \$3,000 for the various gins.

The management of the Farmers' Union Exchange, Saint Paul, Minn., announces that the organization has arranged to take the entire output of a binder-twine factory and also that of a factory manufacturing dairy feeds. The products of the two factories are now being distributed through local unions.

More than half the cotton received by the Oklahoma Cotton Growers' Association, Oklahoma City, is going into the new daily pool. At the close of business October 10, a total of 16,150 bales had been reported, and of this, 8,208 bales were for the daily pool, 732 bales for the monthly pool, and 7,210 bales for the seasonal pool.

Reports given at the annual meeting of the McKenzie Sweet Potato Growers' Association, McKenzie, Tenn., August 10, showed that the 31 members had shipped 23 cars, containing 13,676 bushels. Total sales amounted to \$10,574; the manager's commission was \$273, and the growers received \$10,300. The association bought 11,649 hampers for its members, at a saving of \$215.

The Texas Federated Agricultural Association, a federation of state-wide farmers' organizations, was created at a meeting held at Dallas, October 10. Its object, as stated by the organizers, will be "to serve as a mouthpiece for Texas agriculture, to correlate the interests of all of the groups, and to develop and perfect a clearing-house of thought in the interests of the producers of the state as a whole." It is planned to give special attention to proposed legislation affecting agriculture.

SELECTED LIST OF PUBLICATIONS AND ARTICLES

- Akers, Berry H. Article 2. How Canadian Pool Handles Wheat: Whole World is its Market. *Prairie Farmer*, Chicago, Ill. October 8, 1927, p. 4.
Article 3. Pooling Problems in Canada and the U S How Conditions Differ. *Prairie Farmer*. Chicago, Ill., October 15, 1927, p. 6.
- Assets of Cooperation, The. Editorial *Wallace's Farmer*, Des Moines, Iowa, September 9 1927, p. 4
- Connors, J. P. State Should Practice Cooperative Marketing: Officials Talk One Way and Act Another: Cotton Sold Privately. *Oklahoma Farmer-Stockman*, Oklahoma City, September 1, 1927, p. 4.
- Fiske, G. B. Farming and Cooperation in Denmark: Ninety Per Cent Own Their Farms: Why the Cooperatives Succeed. *Rural New Yorker*, New York City, October 8, 1927, p. 1251.
- Horner, J. T. Successful Types of Fluid Milk Marketing Associations. *C. M. P. A. Bulletin*, Hartford, Conn., October 1, 1927, p. 1.
- Johnstone, Harold W. Cooperative Ills *California Cultivator*, Los Angeles, Calif., October 8, 1927, p. 369.
- Mills, J. F. The Genealogy of the Cooperative Idea. *The Cooperative Review*, Manchester. England, September, 1927, p. 105.
- Norman, H. F. New Developments in Irish Cooperative Creameries. *The Cowbell*, Edmonton, Alberta, October, 1927, p. 7.
- Niesley, H. G. The Alps Shelter Swiss Co-ops: Dairying is Leading Business Among Snowcapped Peaks. *Pennsylvania Farmer*, Philadelphia, Pa., October 15, 1927, p. 3.
- Small Co-ops Must Have State Protection. Editorial. *Progressive Farmer*, Memphis, Tenn., October 8, 1927 p. 4.
- Vimeux, P. The Cooperative and Mutualist Movement in French Agriculture. *International Cooperative Bulletin*. London, S. W., England, September, 1927, p. 284.
- Wilmarth, Fred. Field Service --- Co-op Bugaboo. *Farm Life*, Spencer, Ind., October, 1927, p. 11.

IN THIS ISSUE

	<u>Page</u>
Statistical studies:	
Cooperative purchasing less than cooperative selling.....	417
Fruits and vegetables:	
Report for Oregon prune growers.....	418
Third year for Nebraska potato association.....	418
Grain:	
Co-op refuses offer of Pool Elevators to pay in full.....	419
Final payment to Canadian Wheat Growers.....	419
Cooperative grain elevators in the Mid-West.....	420
Dairy products:	
Cooperative creamery in Catskill Mountains. (N.Y.).....	421
Wisconsin honors memory of prominent cooperator.....	421
Pure Milk Association plans final drive (Ill.).....	422
Kansas farmers have growing creamery.....	422
More than thirty years of cooperative activity (Iowa).....	423
Livestock:	
Farmers' Union Corporation makes loans on cattle (Mo.).....	424
Bacon factories federate in New South Wales.....	424
Missouri county ships livestock cooperatively.....	424
Cotton:	
Cotton association advertises. (N. C.).....	425
South Carolina adds new feature to optional pool.....	425
Reduction of expenses planned by cotton association(N.C.).....	425
Sixth report for Texas Cotton Association.....	426
Seeds:	
Eastern States Farmers' Exchange enlarging seed program.....	427
Lespedeza Growers establish good reputation. (La.).....	427
Association marketing alfalfa seed (Alberta).....	427
Foreign:	
Twelfth International Cooperative Congress.....	428
Spain has some unusual cooperatives.....	428
Education:	
Wisconsin to offer instruction to tobacco growers.....	429
Teaching of cooperation in Continental Europe.....	429
Legal:	
Nonproducer shareholders and tax exemption.....	430
Louisiana Supreme Court sustains former opinion.....	430
Restriction on transfer of stock upheld in Kentucky.....	431
Publications:	
New book tells of Cooperation in Sweden.....	433
A program for Tennessee Cotton Growers.....	433
Cooperative marketing of poultry products.....	433
Miscellaneous:	
Reported by the associations.....	434
Selected list of publications and articles.....	435